

MARKETING STRATEGY FOR HALAL MSMES IN TULUNGAGUNG DISTRICT: USING THE ANP METHOD APPROACH

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ABSTRACT

The present study investigates the marketing methods employed by halal producers situated in Tulungagung. These producers are distinguished in the market by their ability to rival national halal products. The ability to execute a successful marketing plan to boost product sales is essential to the survival of halal producers. A marketing mix consisting of product, pricing, promotion, and distribution is part of the developed marketing strategy. The study's findings support the notion that elements of the marketing mix have a positive correlation with customer satisfaction and boost sales. The analytical network process (ANP) approach is used to determine which halal producer marketing tactics are most important. These strategies include: (1) methods for creating product variations and improving the quality of halal products; and (2) strategies to increase market share, prices, and number of outlets.

Keywords: Strategy Marketing, Halal Industry, Tulungagung

INTRODUCTION

The Indonesian economy today has seen very substantial improvements in the halal industry's development in recent years. Tulungagung Regency in East Java appears to be supporting the Islamic banking sector and the expansion of Islamic cooperatives across the region, in addition to the local halal economy. It is just as fervent as the existence of Islamic housing, the Muslim school sector, the halal food industry, the halal tourism industry, and the Muslim fashion industry with local brands.

With 98% of the local population being Muslim, Tulungagung has a big opportunity to grow its halal fashion and food industries. The consumption of halal food, which is impacted by religious knowledge, is one way that Islamic culture is felt in the community's sociocultural life. (Ambali & Bakar, 2014). The fact that Tulungagung has 17448 small and microindustry firms makes the halal producer sector very promising. (Tulungagung, 2021) lists 13,543 small enterprises, 1,266 medium companies, and 310 large companies in the category of companies. Within the food, beverage, and apparel industries is where the halal industry has the most potential for growth. This may be possible, particularly in the food and beverage sector, if halal certification is promoted and labels.

Of course, shifts in the middle-class Muslim consumer's value are inextricably linked to the growth of the halal industry. The change (shifting) is influenced by at least two variables. First, the Muslim community upholds religious principles in their day-to-day activities (Farrag & Hassan, 2015). It's becoming more and more clear that products like food, beverages, and cosmetics need to be labeled as halal. The second is the revolution brought about by the hijab, tourism, Islamic hotels, and so on; these are the results of Muslim middle-class customers being more accepting of innovations in fashion and technology. The high level of knowledge understanding and widespread social connectivity facilitated by digital social media are the driving forces behind this increasingly open manner of thinking. .. This openness of thought influences more sensible product selections that take religious values into consideration. According to (Yuswohady et al., 2014), middle-class Muslim customers in Indonesia are the main drivers of the halal industry's growth. These two factors are the causes of the changes mentioned above.

In light of this phenomena, it is believed that the growth of the halal industry would not raise the standard of living for Muslims by addressing the core issues with their economy (Widiastuti et al., 2020). The halal industry's issue stems from a failure to optimize the quality of its professionally trained workforce. In addition to being tied to entrepreneurship and human resources, the underdeveloped halal industry can be attributed to a lack of marketing, a small capital base, a small number of business players, and inadequate government support. However, Muslim consumers continue to have very low levels of confidence, and there is currently no comprehensive plan in place to grow this market. Many of these intricacies affect people's faith in choosing to expand the sector and making purchases.

Despite being viewed through the lens of the halal industry's inception, its foundation lies in the demands of Muslims to establish a robust, self-sufficient, and thriving Muslim economy. The halal industry's growth is an example of how an Islamic economy is being realized holistically. This includes not only building the financial sector to free it from the economy of usury and gharar, but also creating industries based on small and medium-sized enterprises (IKM) to boost the welfare and income of these individuals (Rahardjo, 1999). As a result, halal industry producers and stakeholders need to be able to adapt to the purchasing habits of Muslims by creating value-added products and expanding their marketing reach, enhancing the capabilities of their human resources, and fortifying business institutions, which may include granting more flexible financing options (Wilantara, 2016).

The halal industry faces intense competition for products, so producers of halal food must be able to devise strategies using a comprehensive marketing plan known as the "5 P concept," which consists of the following: 1) production

conceptualization, where consumers prioritize easily accessible and reasonably priced products; 2) product conceptualization, where consumers prioritize high-quality or innovative products; 3. sales conceptualization: customers are more drawn to goods with aggressive sales and promotion strategies; 4. marketing conceptualization: this strategy focuses on reaching target markets and maintaining a competitive edge over rivals; and 5. holistic marketing conceptualization: this strategy is founded on the development of a well-thought-out, executed program and marketing initiatives (Kotler & Keller, 2009a).

Halal producers need to develop marketing strategies to stay competitive in the market. This can be achieved by creating a marketing plan that involves multiple steps, such as identifying target markets, sales targets, competitor analysis, product strategies, pricing strategies, product distribution systems, running promotional campaigns, and implementing a sales strategy. (Priyono & Syarbini, 2014).

In order to capture local markets, this study examines the key components of the marketing strategy for the halal business in Tulungagung. Additionally, the study's goals are as follows: first, it will outline the crucial elements of marketing the halal sector in Tulungagung; second, it will examine the sector's potential market as well as its costs, advantages, and dangers; and third, it will identify the most important marketing plan for the sector.

RESEARCH METHOD

The research method used in this research is the Analytic Network Process (ANP) method on Benefit, Opportunity, Cost, and Risk (BOCR). The ANP method includes qualitative research using non-parametric statistical data, so that the sample is key persons according to the research objectives (Ascarya, 2005). These

key persons are people who understand the problems of the halal industry both as players in the halal industry and regulators.

The advantage of the analytic network process (ANP) method is that research is often used in the decision-making process with a general framework without making assumptions. This method was first developed by Thomas L Saaty, there are three basic principles of ANP, namely decomposition, comparative assessment, and composition or synthesis (Saaty & Vargas, 2013). Decomposition is for structuring a complex problem into a hierarchical framework or network of clusters, sub-clusters, and so on. Comparative assessment is to build a pairwise comparison of all combinations of elements contained in the cluster to get local priority. While composition or synthesis is to shift the local priority of the elements in the cluster with global priority from the parent element, which in turn will produce global priority in the entire hierarchy.

Data Processing

Data and information regarding the opinions represented by experts and practitioners are arranged in the form of a framework model. If the results of the questionnaire about opinions have been collected, then the next step is processing the data obtained, using Microsoft Excel and the "Super Decision" software. The questionnaire was processed into a pairwise comparison, both between elements within clusters and between clusters, to find out which one had a greater influence from one side. Respondents were asked to perform pairwise comparisons on the questionnaire that had been prepared by selecting a numerical rating scale, namely in the range of numbers 1 to 9. The questions in the ANP questionnaire were in the form of pairwise comparisons between elements in the cluster to find out which of the two had the greater influence

(more dominant) and how much difference is seen from one side. The numerical scale 1-9 used is a translation of the verbal assessment.

DISCOURSE

Benefit, Opportunities, Cost, Risk (BOCR) Analysis

Priority determination analysis is based on the results of calculating the desired criteria as benefits and undesirable criteria as costs. In addition, there are criteria based on events that may occur as positive things (opportunities) and things that are negative (risk). In this study, the relationship between benefits, opportunities, costs, and risks is influenced by general factors. In this case it is influenced by aspects of the product, price, place and promotion.

To perform this analysis, the calculations were carried out using a pairwise comparison questionnaire. The resulting decision is divided into three parts, 1) the scoring system, 2) the merits of the BOCR decision as a consideration for making decisions, and 3) the hierarchy or network of relationships, facts (objectives) that make an alternative decision more desirable than others (Saaty & Vargas, 2013).

This research is a research with the BOCR approach which is an analysis of current conditions and future conditions that allow conditions to occur. The following is a description of the definition of the aspect / solution / strategy criteria based on the BOCR analysis:

- 1) *Benefit*, all aspects that can provide benefits or advantages for *halal* industrial producers.
- 2) *Opportunity*, all aspects that are intended as profitable opportunities in the present and in the future related to the marketing strategy developed by *halal* producers.
- 3) *Cost*, all aspects that can result in costs borne by *halal* producers.

4) *Risk*, all aspects that are intended as risks faced by *halal* producers.

Priority Aspect

After the stages of making the model and ANP assessment are carried out, the results obtained from the pairwise comparison of the BOCR criteria can be seen in the following figure:

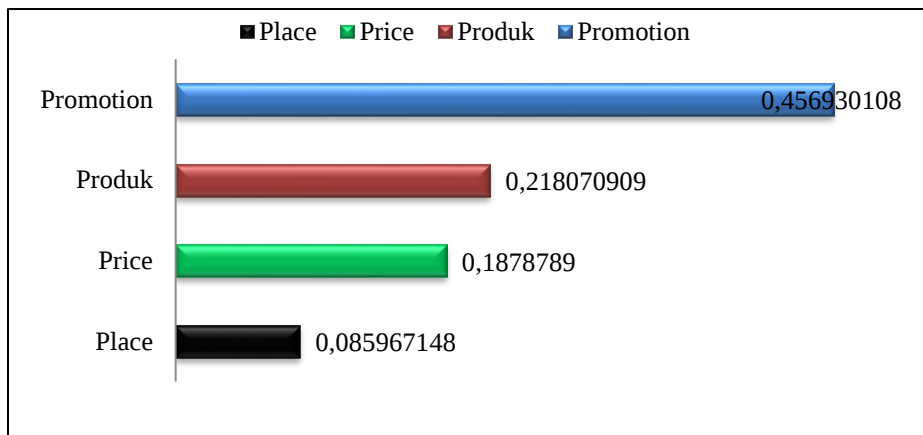


Figure 1. Halal Industry Marketing Priority Aspects

The marketing priorities for the strategies created to promote halal items are displayed graphically in the above data, with the first rank, running the promotion, having a mean geometric value (GMK) of 0.456. The product comes in second, having a mean geometry value (GMK) of 0.218. With a mean geometric value (GMK) of 0.187, pricing comes in third. With a mean geometry value (GMK) of 0.0859, fourth place was achieved. Conversely, the rater agreement computation yielded Kendall's Coefficient of Concordance, or $W = 0.352$. It can be inferred that, on average, the halal industry participants provide responses with a high rater agreement of 0.352. Most of the interviewees concurred that Tulungagung's halal industry's marketing developed features of product, price, place, and promotion.

Based on the data from the informants' answers, the results of the BOCR calculation based on table 1 can be seen in figure 2 below:

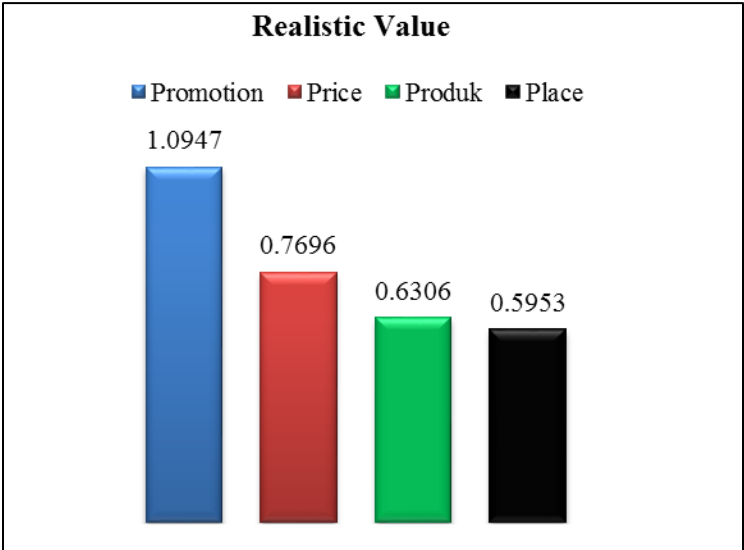


Figure 2. Realistic Value

Based on the table above, the realistic results of the criteria show that the most priority decomposition aspect of the marketing aspect is the promotion aspect 1.094, price 0.769. Product (0.630) and place (0.595). Furthermore, it will be explained in more detail in discussing priorities on the aspects of benefit, opportunity, costs and risks.

The aforementioned data indicates that, as a long-term strategy for marketing halal industrial products, expanding market share, raising pricing, and opening more outlets ranks as the most important approach, with a score of 2.368. Local producers will be able to compete with national producers like Robbani, Zoya, or Indofood's Q-tela packaged food goods by developing a broad market network and offering reasonable prices.

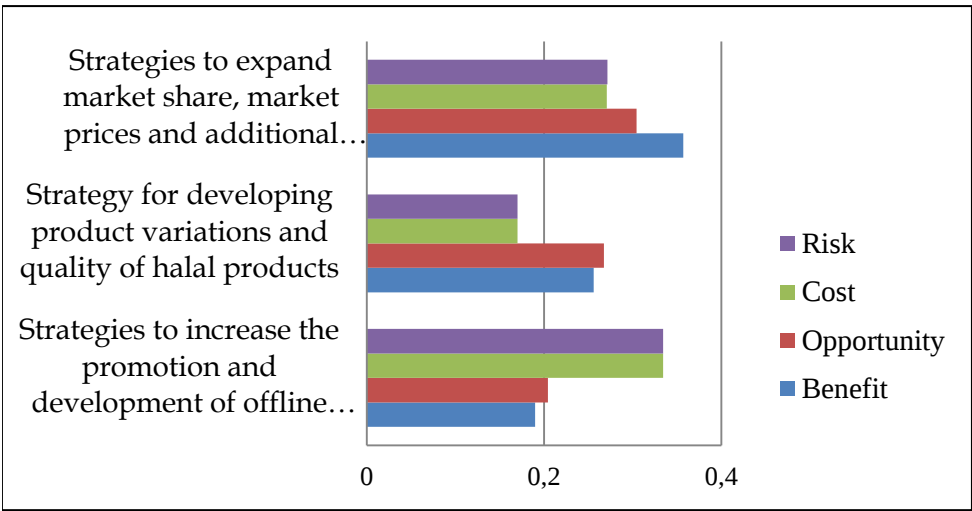


Figure 3. Priority Marketing Strategy Based on BCOR

Based on the output of ANP BOCR in the marketing of the halal industry, the priority of the marketing strategy developed by the halal industry players will be described in sequence, including:

1) **Strategies to Expand Market Share, Market Prices and Additional Outlets**

Judging from the benefits of 0.356 and opportunities 0.304, while the risks are 0.71 and costs are 0.270. Based on the calculation of the resulting rater with the Kendall Concordance Coefficient or W of the W value: 0.0087. This indicates that the level of agreement among informants is low. This happened because the informants had different insights as well as different backgrounds.

Based on BOCR analysis on the strategy of expanding market share, market prices and adding outlets, where the level of benefit and opportunity is greater than the cost and risk. With this condition, it is more profitable for halal producers to expand market share through developing distributors and adding outlets. Because the higher the intensity of product distribution, the greater the power and the greater the goods and services offered can be sold to a specific target market (Augusty, 2004).

The addition of outlets or distributors in several regions has become a potential market. The strategy of adding marketing distribution network outlets is a way for products to reach customers. This activity explains how the product has been offered and can then be accepted by customers in accordance with distribution planning to increase customer satisfaction. The distribution channel with the addition of these outlets will basically make it easier for existing or new customers, most importantly, to provide faster customer feedback. In this process the customer also only focuses on talking about a distribution process, but how to build an intense relationship with all customers to solve a problem more quickly and accurately.

Product pricing according to market prices is based on the selected market segment based on market size, market growth, competitive advantage and existing competition (Aji, 2018). Price is not just a number that appears on the label of a product but price also has a form and several other functions. As stated by (Kotler & Keller, 2009b), the market price strategy has become the biggest factor influencing consumer purchasing decisions.

2) Strategy to Increase Promotion and Development of Offline and Online Marketing

Viewed from 0.2 benefit and 0.019 opportunity while risk and cost amounted to 0.33. Meanwhile, the calculation of the rater agreement resulted with a Kendall's Coefficient of Concordance or W value of W: 0.0645. This indicates that the level of agreement among informants is low. This is due to differences in the backgrounds of the respondents which influence their respective thoughts and interests.

Based on BOCR analysis on market pricing strategies and increasing promotion shows that the level of costs and risks faced is greater than the

opportunities and benefits. The level of risk faced is that halal products are unable to compete with other products, high price of product output due to production cost adjustments and halal industrial products do not sell well in the market.

Increasing the promotion of halal producers in Tulungagung is pursued through (1) advertising in the form of media including brochures, booklets, posters, audio visual display, billboards. (2) sales promotion using the media, providing training, gifts, samples and coupons. (3) public relations, media contact press, speeches, seminars, annual reports, sponsorships and magazines. (4) personal selling, media, sales percentage, sales meetings and trade shows. (5) direct marketing, the medium is through telephone, internet, mail and catalog marketing. Also take advantage of marketing through a digital sales system using Bukalapak, Tokopedia and Shopee marketplaces in addition to marketing through social media, face book and Instagram..

3) Development Strategy for Product Variations and Quality of Halal Products

Seen from the benefit of 0.255 and opportunity of 0.204, while risk is 0.170 and cost is 0.170. The calculation of the rater agreement resulted with a Kendall's Coefficient of Concordance or W value of W: 0.0084. This indicates that the level of agreement among informants is low. This occurs because of differences in views and backgrounds of respondents.

Based on the BOCR analysis on the strategy for developing product variations and the quality of halal products according to market needs, the aspects of benefit and opportunity are greater than the aspects of risk and cost. This means that aspects that can provide benefits or advantages for producers of the halal industry and all aspects that are profitable opportunities in the present and in the future are related to the marketing strategies developed by halal producers.

The variety of products of the halal industry in packaged food products and the syar'i fashion industry. Product is a core element in marketing, because a manufacturer will not be able to be a market leader if it does not have a superior product in terms of quality and value. In Islamic marketing, it is attached to products that have Islamic values even though they are as strong as their physical attributes. Defining a product as something that satisfies the needs and desires of consumers, including physical goods, services, experiences, events, people, places, properties, organizations, information and ideas.

DISCUSSION

This study examines the marketing strategies of halal producers located in Tulungagung, halal producers are quite unique in marketing their products because they are able to compete with national halal products. The marketing strategy developed includes a marketing mix through product, price, promotion and distribution. The results of this study confirm the findings that marketing mix factors correlate with customer satisfaction (Abdullah et al., 2017). The study reveals the results of previous research indicate that good marketing is the main key in the development of the halal industry (Battour & Ismail, 2016).

The next marketing strategy is related to the strategy of increasing the promotion and development of offline and online marketing. Therefore, product marketing is so essential because it is the most important link in the business chain. It could be said that marketing is the lifeblood of business. Without marketing the products produced will not be accepted by consumers if there is no acceptance and purchase. So that a strategy is needed a strategy that is acceptable to the market. The development of information and communication technology has more or less changed the pattern of marketing strategies with online or online marketing but still can use offline marketing.

Regarding the marketing of halal industrial products in order to be able to compete competitively with competing producers. As previous research with the experience of halal industrial producers in Malaysia made halal food hawker centers. 2) improving halal slaughterhouse facilities, improving transportation facilities and other facilities to support the halal industry; 3) providing special facilities for export and import. 4) encouraging the Islamic world to develop a global halal legal system. Besides the policy of action to create quality brands such as "Malaysia Best" and other brands under certain commodities with the aim of: 1) Creating comprehensive brand quality for all Malaysian agricultural products, both domestic and foreign markets. 2) Increasing the demand for agricultural products both domestically and abroad. 3) fostering consumer confidence in the quality and safety of Malaysian agricultural products. Furthermore, responding to the digital market, Malaysia should create a digital market in its agricultural industry (Omar, 2013).

The industrial development strategy in Malaysia, as in this research, reveals that Malaysia's strength as a major player in the global halal food industry is because Malaysia is able to create a modern and dynamic economy. Their work productivity is relatively high compared to other ASEAN countries. Malaysia has proven to be a market leader in the global halal food industry. With Malaysian halal certification is considered worldwide as the most valid when compared to non-Muslim countries or with products from other ASEAN countries. The halal food industry has important export opportunities due to the diverse agricultural products available in Malaysia. This diversity is utilized by halal SMEs, even though they have the weaknesses of low knowledge and professional training in product development. Halal SMEs do not know the legal, social and cultural system aspects of the export destination countries for their production. This is evident by

the inability to identify consumer needs preferences accurately (Bohari et al., 2013).

In order to strengthen the role of halal industrial producers, one strategy is to sell products with a marketing mix pattern consisting of product, price, distribution and promotion. Based on the research by (Abdullah et al., 2017), it is found that halal producers apply a marketing mix that is in line with Islamic principles. Marketing mix factors correlate with customer satisfaction. The multiple regression results show a significant correlation to customer satisfaction. Therefore, this study proposes 5 strategies aimed at carrying out Islamic marketing activities based on these important factors that must be adopted by businesses. On the other hand, the existence of a good marketing mix ethical values framework is a prerequisite for ensuring the actualization of international marketing ethics. The Brunei Halal brand is in line with Brunei Darussalam's efforts to develop a diverse and competitive market. In Malaysia, several corporations involved in Islamic products have made huge profits. Countries are also competing to take advantage of this trend, with the most essential islamic marketing mix in accordance with the principle of justice in order to achieve the welfare of the wider community or consumers (Abdullah et al., 2017).

CONCLUSION

The conclusions in this study are: *First*, promotion is the part of marketing that has the highest priority. The halal manufacturers in Tulungagung are being promoted by direct marketing, public relations, sales promotion, advertising, and personal selling. Its medium through direct mail, online, phone, and catalog marketing. *Second*, the halal business prioritizes the creation of jobs, competitive pricing are the industry's top potential, labor costs are the industry's largest expense, and the most serious risk is that halal products won't be able to compete

with other goods. Third, Tulungagung's halal industry has three strategy priorities that its producers are pursuing: (1) strategies to increase market share, prices, and add outlets; (2) strategies to increase offline and online marketing development and promotion; and (3) strategies to develop product variations and quality of halal products.

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